

*Next-Generation
Philanthropy:*

Changing the World





Change the world.

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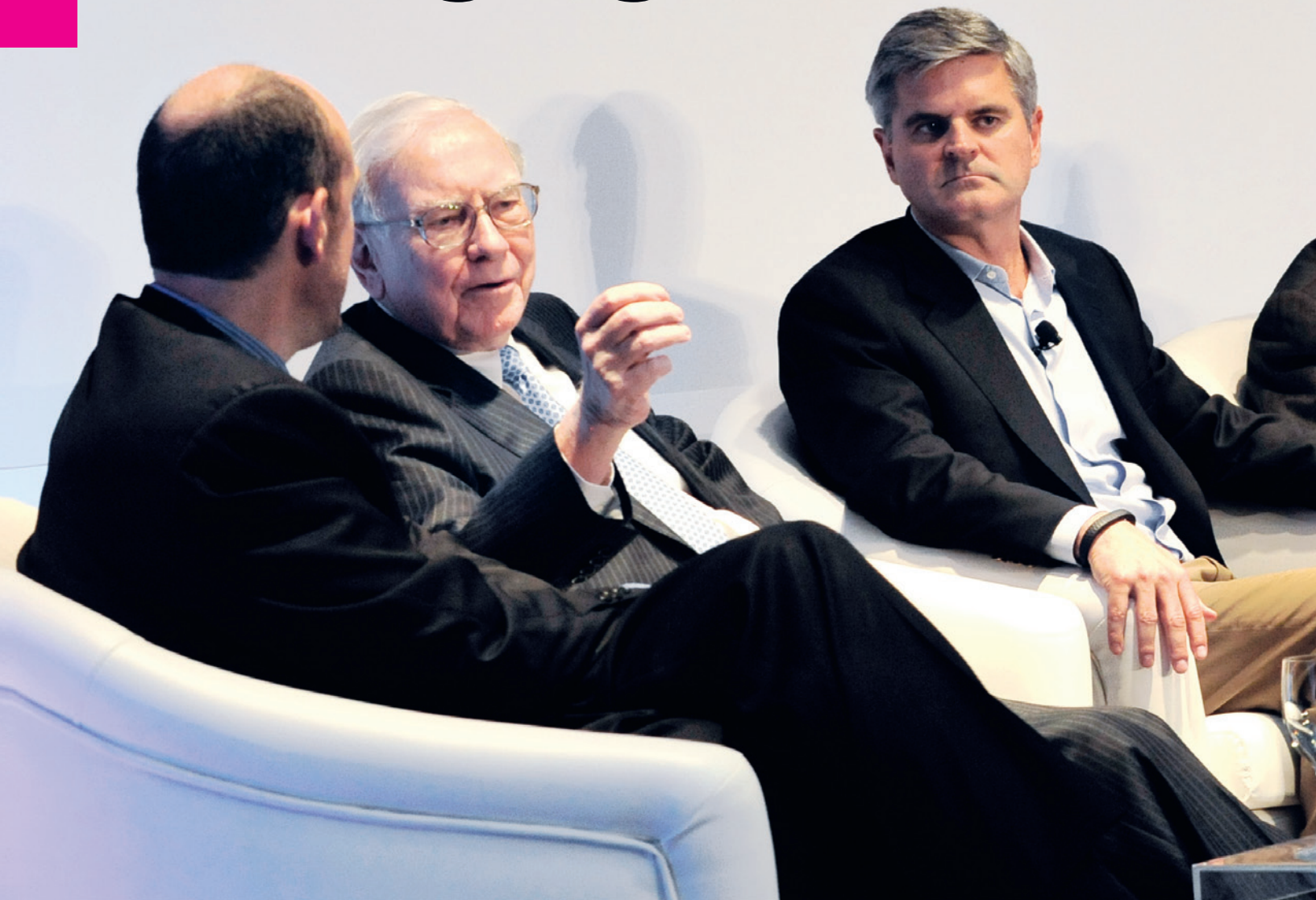
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Next-Generation



Changing the World



Philanthropy:



Introduction

The Forbes 400 Summit on Philanthropy, supported by Credit Suisse, brought together 150 of the world's wealthiest and most powerful philanthropists to tackle some of the planet's most persistent challenges.

“The importance of philanthropy is evidenced by the fact that so many prominent individuals took the time to travel to New York and share their ideas,” says Bill Woodson, Managing Director, Co-head of Private Banking Americas UHNW Business at Credit Suisse.

The premise of the Forbes 400 Summit was perhaps best summarized by one of the attendees—billionaire Jorge Perez, Chairman and Chief Executive Officer of the Related Group of Florida, a real estate development firm, who told Forbes Insights, “People who have achieved financial success have an obligation to give back.”

The recent financial crisis has not weakened this sense of obligation. In a Credit Suisse snap poll conducted during the summit, 46% of attendees said that the slow global recovery has not affected their philanthropy at all.

Following up on the lessons of the Forbes 400 Summit, Credit Suisse and Forbes Insights conducted a broader, global survey of 264 people with investable assets of \$1 million or more to further understand giving patterns and challenges.

“Philanthropy is a journey, not a destination,” says Julia Chu, Head of Philanthropy at Credit Suisse. “During this journey, one continues to gain insight and perspective.”



Warren E. Buffett, Chairman and CEO, Berkshire Hathaway; Steve Case, Chairman and CEO, Revolution and Co-Founder, America Online; Bill Gates, Melinda Gates, Co-Chairs and Trustees, Bill and Melinda Gates Foundation; Leon Black, Chairman and CEO, Apollo Global Management; David Rubenstein, Co-Founder and Co-CEO, The Carlyle Group

Credit Suisse Snap Poll at the Forbes 400 Philanthropy Summit

At the Forbes 400 Philanthropy Summit, Bill Woodson, Managing Director, Co-head of Private Banking Americas UHNW Business at Credit Suisse, presented the findings from an unprecedented poll of attendees. Since the Summit gathered 150 of the world's greatest philanthropists in one place on one day, Forbes Insights and Credit Suisse seized the opportunity to ask about experiences that motivate the world's wealthiest to give, and focused on various topics related to philanthropy, from key drivers (49% said personal values inspired their philanthropy) and their venture capital approach to allocating funds (49% fund early-stage philanthropic ideas), to their time horizons for a meaningful return on philanthropic investments (53% described their time horizon as 10 years). "I was surprised by the relatively high percentage of philanthropists who want to effect their philanthropy over a short time frame as opposed to multi-generationally," commented Woodson. "This is a shift historically for families at this wealth level, although I think it is skewed by the high-technology wealth represented here. Families in other parts of the world may not share this same vision. This also goes to the reduced need by these individuals to use philanthropy to ensure a family public legacy à la Carnegie and Rockefeller, and more [of a need] to accomplish important change with measurable results relatively fast."



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“The importance of philanthropy is evidenced by the fact that so many prominent individuals took the time to travel to New York and share their ideas.”

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—**BILL WOODSON**
Managing Director, Co-head of Private Banking
Americas UHNW Business at Credit Suisse

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Key Findings

The motivation to give comes from the heart—70% of survey respondents say they are driven by personal values—but forming a vision and translating it into reality requires experience and skill. Among the top areas for philanthropists to consider are the organizational structure of giving, collaborations, vehicles of funding, measuring success and passing on the torch to the next generation. “Whatever philanthropists’ passion might be, they have to decide their own personal level of involvement and not underestimate the administrative aspects,” says Anthony DeChellis, Chief Executive Officer of Private Banking Americas of Credit Suisse Group.

As investable assets grow, family legacy becomes more important and families consider family foundations. Fifty-nine percent of those with investable assets of \$50 million or more have established a philanthropic entity. Setting up a family foundation is a deep emotional experience based on family history, core values and personal passions. “It is a holistic planning process that we implement with each of our families,” says Credit Suisse’s Julia Chu.

Sustaining high levels of giving requires philanthropy to develop a next-century model in terms of partnering and networking. Half of survey respondents state that their level of collaboration with partners has increased over time. Businesses (40%) and other nonprofits (28%) were the most cited philanthropic collaborations. “Fewer philanthropists than in the past feel the need to go it alone, regardless of their wealth level,” says Credit Suisse’s Woodson. “It seems more important to them that they affect change through the best means possible.”

Measuring philanthropic impact is a work in progress. With nearly half of respondents (44%) having a time horizon of less than ten years to see a return on their philanthropic investments, new ways to track projects are necessary. Indeed, 62.5% of survey respondents use some form of tracking, such as Impact Reporting & Investment Standards (IRIS) and Global Impact Investing Ratings System (GIIRS). “The challenge is how to extract meaningful information without impeding the general operations of your grantees,” says Credit Suisse’s Julia Chu.

Social media is taking hold as part of a philanthropic strategy, but is not a substitute for personal time and commitment. Facebook (37%), Twitter (24%) and YouTube (23%) are the top three social media platforms considered most effective by survey respondents. However, all of the Forbes Insights interviewees indicate that social media can only highlight a cause. Seeing a project through to the end requires a significant amount of time and commitment in addition to publicity.

Burnout can slow down philanthropists. Thirty-nine percent of respondents find that balancing philanthropic commitments with business endeavors is challenging, while nearly a third of respondents (32%) feel that it is difficult to stay engaged without feeling drained.

Today's philanthropists are creating the base for the next generation of philanthropists. Fifty-nine percent of survey respondents believe they are setting an important example for future generations, and 42% have developed a succession plan for future generations.

A culture of giving is developing in emerging markets. In the Asia Pacific region, 45.5% of survey respondents cite a growing culture of giving. This group includes major philanthropists like Vincent Tan, Malaysian billionaire and founder of Berjaya Group, who has stated his intention to donate half his wealth during his lifetime.

In Latin America, in particular, philanthropy is evolving as a social norm and expectation, according to 50% of survey respondents. "It is not a question of should we give. It is a question of what we want to do for Brazil," explains Brazilian philanthropist Carol Civita, who branched out from the Victor Civita Foundation to become one of the leading proponents of individual giving as a philanthropic culture has developed in Brazil over the past five years.



"Philanthropy is a journey, not a destination. During this journey, one continues to gain insight and perspective."

—JULIA CHU
Head of Philanthropy, Credit Suisse

Seeds of Giving:

Personal values and family legacy drive the world's leading philanthropists

More often than a particular experience or event, personal values drive the philanthropy of the majority of survey respondents (70%); a third cite family legacy as inspiration. As investable assets increase, family legacy becomes more important in the giving process: Fifty-three percent of respondents with investable assets greater than \$20 million and 50% of respondents with investable assets greater than \$50 million cite family legacy as an inspiration for their philanthropy. The importance of family legacy is combined with a need to balance family versus individual priorities.

Family legacy is particularly important in Europe, Asia and Latin America. Swiss billionaire philanthropist, Stephan Schmidheiny, is driven in large part by his predecessors: “My inspiration partly came from a solid family tradition: My forebears saw it as a natural part of the responsibility that comes with wealth to share one’s riches with fellow men in need.”

Family legacy is uppermost on the mind of Brazilian author and sociologist Maria Alice Setúbal, who, together with her brothers, in 2005 created a family foundation in honor of their mother, Tide Setúbal.

In the United States, personal values are a key inspiration, and many of the nation’s wealthiest have a desire to give back based on their life experiences. Miami-based Perez attributes his giving to the hard lessons of his parents’ life: “They were wealthy but lost everything they had

when Castro came to power in Cuba. They always felt that people who had money needed to redistribute wealth to prevent revolutions.” New York real estate magnate and billionaire Stephen Ross agrees with this sentiment: “I was brought up with the idea that it is important to give back and not take anything for granted.” He plans to leave over half of his estate to a foundation.

While older generations serve as inspiration, younger generations follow their own values and support the causes they themselves choose. Two-thirds of survey respondents said that they have a different philanthropic focus than their predecessors.

Says Chicago-based Liesel Pritzker Simmons, “Giving was a part of my family culture and my initial inspiration. As I grew up, giving took on a whole new meaning. I traveled and volunteered. My personal experiences pointed

Figure 1: Top 5 inspirations for philanthropy





“I was brought up with the idea that it is important to give back and not take anything for granted.”

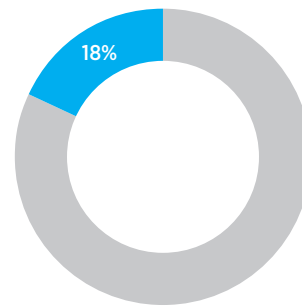
—STEPHEN ROSS
Chairman and Founder, Related Companies

out inequalities around the world.” In 2008, she helped found IDP Foundation, which focuses on education and microfinance initiatives.

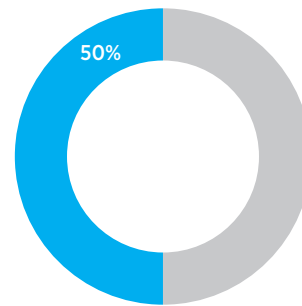
Billionaire and founder of Berjaya Group, Vincent Tan, who on his 60th birthday said he would give \$200 million to his Better Malaysia Foundation, draws his motivation for giving from his own family background. “I started life in a poor family and could not even afford a proper tertiary education. I know what it is like not to have a lot of things that the average person these days will take for granted. I therefore consider myself very blessed to be where I am today despite the difficult early days, and ever since I achieved financial success I have felt a sense of responsibility to help those who are less fortunate,” Tan told Forbes Insights.

Figure 2: Importance of family legacy rises with assets

What most inspires your philanthropy?



Investable assets \$1 to \$5 million:
18% said family legacy



Investable assets over \$50 million:
50% said family legacy

How Giving Can Evolve: *More large donors seek to deepen and expand their philanthropic footprint over time*

The panelists at the Forbes 400 Summit on Philanthropy were not shy about describing their early forays into philanthropy, which at the beginning often meant simply cutting a check, as well as some initial mistakes and disappointments: not finding the right organization to support their cause, or not having their money used the way they intended.

Over half of survey respondents (55%) say that the nature and commitment of their philanthropic giving has changed over time, but the continual learning has yielded results, with only 42% stating that their experience with giving is exactly how they had envisioned it.

“There are some times you just want to cut a check,” says Pritzker Simmons. “There are some organizations that are doing great work. Writing a check to the opera is not as exciting as funding a documentary on climate change. But there are a lot of ways to tackle a problem.”

Perez and Ross similarly began by writing checks to their alma maters, which gave them a personal connection and a sense of giving back where they got their start. Perez then expanded to partnering with the nonprofit group United Way, and is currently building an addition to the Miami Art Museum. Ross went from donating to personal causes to sitting on the boards of organizations to inspire change from within.

Says Schmidheiny: “Some years ago I called my Avina Foundation ‘an open-ended learning experience.’ By this I meant to say that learning by doing, learning from our own and other people’s experience, was a key ingredient for our work.”

Renáta Kellnerová—along with billionaire Petr Kellner, the wealthiest man in the Czech Republic—manages the Kellner Family Foundation, which has expanded its education investments over time. A decade ago, it established Open Gate, an eight-year boarding school, near Prague. Says Kellnerová, “At that time boarding grammar schools were completely unknown in the Czech Republic. Nevertheless, this approach gave us an opportunity to fulfill the very purpose of the project: namely, to make it possible for children from single-parent families and from children’s homes all over the Czech Republic to obtain a good secondary

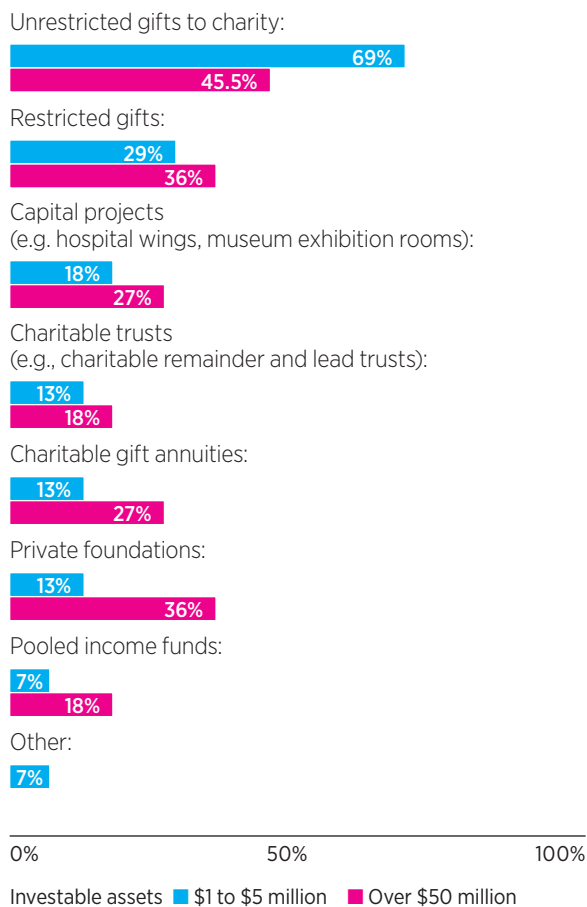


“An impactful philanthropist operates from a level of confidence that he or she can change the world.”

—ANTHONY DeCHELLIS
Chief Executive Officer of Private Banking
Americas of Credit Suisse Group

education. A later addition was our university project, under which we provide scholarships to talented Czech students enrolled at prestigious universities. The most recent addition is our project ‘We Help Schools to Succeed,’ geared toward the education of teachers at public primary schools.”

Figure 3 : Which of the following vehicles do you utilize in your charitable planning?



The philanthropic educational journey often includes finding advisors and partners for early learning and collaboration, as well as choosing the right vehicles for giving, which may involve forming a foundation.

Setting up a family foundation is a deep emotional experience that extends well beyond how money is raised and disbursed. “In many cases, a family foundation begins with a blank slate,” says Credit Suisse’s Julia Chu.

With guidance, philanthropists may inscribe on this slate a mission based on family history, core values, personal passions and long-term vision. “It is a holistic planning process that we implement with each of our families,” adds Chu.

Pritzker Simmons believes foundations are just one piece of the puzzle: “This generation won’t be limited by what a foundation can do. This generation is thinking of different vehicles, using media and for-profit investments to further their causes.”

In Latin America and Asia, 40% of survey respondents rely on charitable trusts, more than in other parts of the world. But foundations are also making inroads. (20% and of respondents in Latin America and 25.5% in Asia utilize foundations.)

Says Tan, “I started off with making personal donations and eventually set up my own foundation, VTCY Foundation, now known as Better Malaysia Foundation.” Among Tan’s many advocacy issues, he is promoting the English language in Malaysia: “My current favorite cause is to help improve the standard of English in Malaysia. [It] is of great importance as a medium of education and communication, particularly in today’s world, and I find the declining standards in the English language in Malaysia in recent years to be a cause for concern.”

In many parts of the world, a culture of philanthropy is just beginning to develop. In Brazil, philanthropy on an individual level has taken root over the past five years, paralleling the growth of the country’s economy. There has been a shift from traditional corporate giving and foundations connected to the nation’s wealthiest families to more of a focus on individual giving. “When the economy started booming, social issues became more evident and people became motivated to act,” says Carol Civita, whose philanthropic inspiration is the Victor Civita Foundation, created by her husband’s family, and who continues, with her husband, to pursue individual giving to several organizations.

“We can help guide and direct discussions on what it means to be hands-on versus partnering. It is very personality specific,” says Credit Suisse’s Anthony DeChellis.



“Some years ago I called my Avina Foundation ‘an open-ended learning experience.’”

—STEPHAN SCHMIDHEINY
Philanthropist

Creating Philanthropy Networks:

Partnering and networking are key to sharing information and accelerating change

Philanthropists become a source of ideas and inspiration to each other as well, especially among the ultra-wealthy. Thirty-six percent of survey respondents with investable assets over \$50 million consult with fellow philanthropists, sometimes at events such as the Forbes 400 Summit on Philanthropy, versus the survey average of 21%. “I have been talking to Bill Gates about the giving pledge. Talking to people of like minds continues to encourage you to give. All were inspired by other philanthropists,” says Perez about his participation in the Forbes 400 Summit.

Pritzker Simmons relies on her peer groups, specifically grant makers, for information. She is also focused on corraling her peer group of young inheritors of wealth and helping them tackle the responsibility that wealth requires. “There are varying degrees of recognizing yourself as a philanthropist. You have to say, ‘Yes, I am a young inheritor of wealth. Yes, I am a philanthropist, not just a socialite.’”

Bill Woodson, Managing Director, Co-head of Private Banking Americas UHNW Business at Credit Suisse, adds that at higher levels of giving, leveraging partnerships is a key best practice. “At this level, it is more than what their pocketbook can do. A philanthropist will partner not because they don’t want to do it themselves, but because they want to do it the best [way].”

Half of survey respondents state that their level of collaboration with partners has increased over time, in particular in Latin America and Asia Pacific regions. Businesses (40%) and other nonprofits (28%) are the most cited philanthropic collaborations.

In the United States, established philanthropic partners with a long-term track record are preferred to early and growth stage endeavors (66% to 34%). In Europe, the split between the two is nearly equal. Meanwhile, in Asia Pacific and Latin America philanthropists are more interested in early stage or growth stage philanthropic ventures, as those regions are at the beginning of the philanthropic cycle.

Figure 4: With whom do philanthropists consult?

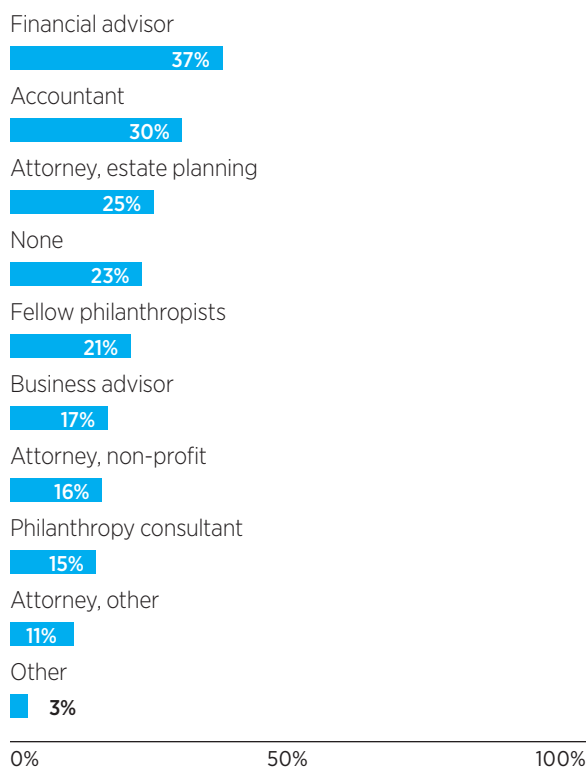
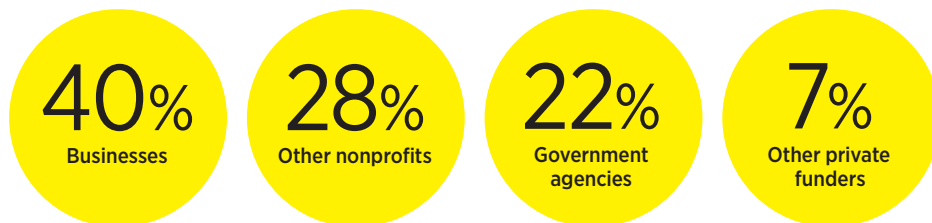


Figure 5: With whom do philanthropists partner?



“We have been working with partners at all levels as an institution and at the level of the different countries and projects. These partnerships have been an invaluable source of learning and progress,” says Schmidheiny.

In promoting his goal of improving English language learning in Malaysia, Tan is tapping into an established organization’s expertise. “We are presently working with the SOLS 24/7 [founded in 2000 in Cambodia to provide free education with boarding facilities to underprivileged youth] to set up community learning centers in several parts of Malaysia to offer free education, with an emphasis on the English language, to underprivileged youths.”

In Brazil, where structured philanthropic giving is fairly new, Carol Civita says there should be more partnering going on. “There are 430,000 non-governmental organizations operating in Brazil. This is a problem; there are too many people trying to reinvent the wheel.”



Bill Gates, Co-Chair and Trustee, Bill and Melinda Gates Foundation, at the Forbes 400 Summit on Philanthropy



“There are varying degrees of recognizing yourself as a philanthropist. You have to say, ‘Yes, I am a young inheritor of wealth. Yes, I am a philanthropist.’”

—LIESEL PRITZKER SIMMONS
Co-Founder, Blue Haven Initiative

From Local to Global Causes: Scope varies by geographic region

The survey identified a variety of causes that are top of mind for the globe's leading philanthropists, with regional differences having an impact on the types of organizations that find donor dollars.

In U.S. and Asia Pacific regions, religious and faith-based institutions are strongly supported, with over 40% of respondents in each region citing such institutions as those they support. European respondents give more to medical research (43%) and the arts (31%) than philanthropists in other regions. In Latin America, community development (30%) and social enterprise (30%) are key causes.

Last year, Brazil's Maria Alice Setúbal began a project for the development of a local sustainable rural community outside São Paulo. "The foundation works around São Paulo, its mission being the development of a sustainable local region. We are in the phase of implementing a project of forest restoration, fauna inventory, and a social movement aimed at getting qualified jobs in the region."

Most giving is also "neighborhood giving," with 50% of respondents saying they focus on local or regional causes. In Latin American and Asia Pacific countries, over half of survey respondents say they concentrate their giving locally or regionally.

"What makes society tick is dependence on local philanthropy," says Pritzker Simmons. "This generation should not shy away from supporting community-based organizations."

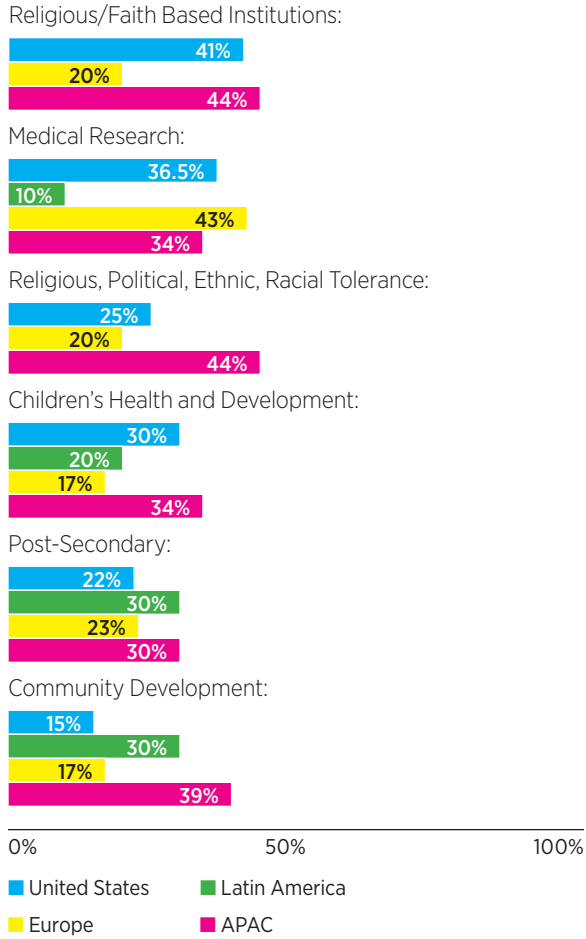
Meanwhile, in the United States and Europe, national and global issues take precedence. In addition, the greater asset base respondents have, the more likely they are to focus on global causes. 27% of respondents with investable assets over \$50 million give globally.

An example of this trajectory of giving is Swiss billionaire Schmidheiny, who explains, "In keeping with the family tradition, my charitable activities first began in Switzerland where we supported—and continue to support—a broad range of activities: for example, in the field of conservation of cultural heritage, protecting women's and children's rights, protection of the environment, to name just a few. In 1992, I had an experience as the founder of the World Business Council for Sustainable Development around the United Nations Earth Summit of Rio that profoundly changed my outlook on life. I greatly expanded my philanthropic endeavors and put a major emphasis on promoting sustainable forms of development in Latin America."

Global giving comes with specific challenges. Thirty percent of respondents who give globally have encountered hurdles dealing with government infrastructure, and another 31% say that cultural differences are challenging.

Credit Suisse's Chu adds that the chance of duplicated efforts is greater globally. "The most important initial step is to scan the landscape and understand who is already working on your issue of interest, especially overseas, where due diligence becomes even more critical in vetting potential partners."

Figure 6 : Top Charitable Causes



Credit Suisse Snap Poll, at the Forbes 400 Summit on Philanthropy



“Our foundation works around São Paulo, its mission being the development of a sustainable local region. We are in the phase of implementing a project of forest restoration, fauna inventory, and a social movement aimed at getting qualified jobs in the region.”

—**MARIA ALICE SETÚBAL**
Council's President, Fundação Tide Setúbal

Challenges to Giving:

Measuring philanthropic success is a work in progress

The greatest challenge respondents identify in realizing their philanthropic goals is meeting their own expectations. They set high goals: 80% of respondents believe that the failure rate of their philanthropic investments should be no more than 50%, and those with investable assets over \$50 million tolerate failure even less, with 90% stating that the failure rate should be no more than 50%.

The bottom line: The world's givers are looking for results. With nearly half of respondents (44%) having a time horizon of less than ten years to see a return on their philanthropic investments, they are increasingly discussing new ways to track projects.

"It depends on the project," says Pritzker Simmons. "We tend to like longer-term goals. You can't turn a community around in three to five years. That is one of the biggest challenges of philanthropic giving, the short versus the long term. You have to keep the courage to pursue your goals even if you feel you have been at it for a long time and nothing is happening."

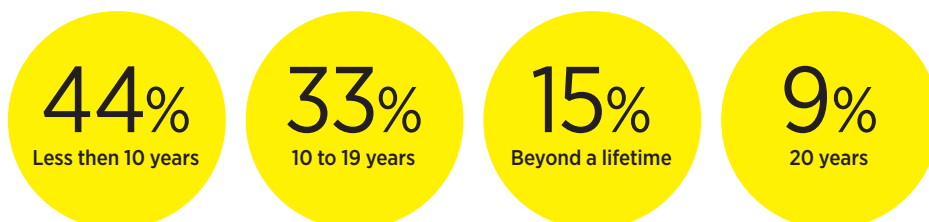
Some respondents have a longer time horizon—41% of those with investable assets over \$50 million are looking 20 years out for a return, another 5% think beyond their lifetime. But even they still want some form of quantitative assessment. Fifty percent of respondents say that measuring the quantitative impact of investment is important to them, with a similar percent stating that such measurements would impact their future giving.

Sixty-two percent of survey respondents report using some form of tracking. Credit Suisse's Woodson says that evaluating the philanthropic dollar is an important area of new philanthropy: "There is a perception of a high level of inefficiency. An industry has emerged over the years to help funders evaluate the effectiveness of their giving."

Malaysian billionaire Tan says, "Tracking is not necessary for one-off smaller donations. However, for larger donations to certain charitable organizations and partners that we work with in certain causes, we receive reports on the progress of these causes and monitor them with a view to deciding on our continued participation over the years. We conduct proper due diligence on our partners as regards their effectiveness before we decide to work with them."

Tools to measure success and return on investment include Impact Reporting & Investment Standards (IRIS) and Global Impact Investing Ratings System (GIIRS), to assess the social and environmental impact (and not solely the financial performance) of companies and funds.

Figure 7: How long are you willing to wait for a return on your philanthropic investment?





“My personal belief is that you will never understand a cause unless you experience the cause. No matter what you are involved in, you have to go into the field.”

—CAROL CIVITA
Philanthropist

Pritzker Simmons says that now every request for proposal her organization sends out includes a question on how experienced individuals are at working with the new IRIS and GIIRS metrics. “We are hiring on that basis as well,” she adds.

“Formal impact reporting is still a new field. The process is labor intensive. The challenge is how to extract meaningful information without impeding general operations,” says Credit Suisse’s Chu. Other ways of checking impact include site visits (utilized by 46% of respondents) and interviews with constituents (utilized by 46% of respondents).

Hands-on involvement provides the sharpest observable impact of monies donated. “My personal belief is that you will never understand a cause unless you experience the cause. No matter what you are involved in, you have to go into the field,” says Brazil’s Carol Civita. “If you don’t live the cause, you will never have long-term engagement.”

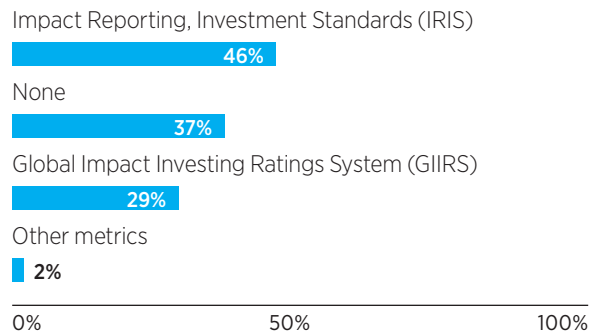
The Czech Republic’s Kellnerová says that she thoroughly assesses, for instance, the number of Open Gate students who enroll at prestigious universities. “But I regard it as an even greater success when I see how a frightened 11-year-old girl, with a difficult childhood, grows into a self-confident young lady at the grammar school, with developed notions of what she wants to achieve in her life, and an understanding of what social responsibility means,” says Kellnerová.

Many of the world’s leading philanthropists are successful entrepreneurs. They practice what they preach, taking lessons from business life and applying it to their philanthropy, according to 55% of the respondents. Doing so is an effective way to manage giving, say 53% of respondents.

“From the beginning, our projects contained a detailed description of the goals, often with intermediate milestones, the ways and means in which they could be achieved, and the achievements measured and demonstrated. Over the years, we became more experienced

Figure 8: Measuring Philanthropic Impact

What tools do you use to measure the impact of your philanthropic investments?



in this area and more sophisticated in defining objectives and tracking to what extent they could be achieved,” says Schmidheiny.

Credit Suisse’s Chu recommends utilizing a combination of qualitative and quantitative metrics to evaluate giving. “For the most important relationships, site visits and interviews with people being serviced remain indispensable,” she says. Add to that some consistent measurement on the change from year to year and remember that the quantity of data should not outweigh the quality of key learnings obtained from your evaluation.

Another word of advice from Credit Suisse’s DeChellis: “You can’t be afraid to make mistakes. We help people think about trying new products and new ideas. You don’t have success in every business idea. What you want is [for] your batting average to be good.”

Challenges to Giving:

Politics and taxes strongly impact giving around the globe

Though commitment to philanthropy is strong in the face of global economy crises, there are challenges to available funding. Maria Alice Setubal's family foundation funds declined 20% as a result of the global financial crisis. Vincent Tan adds, "Much as I would like to give out as much as I can, I do recognize that my resources are not unlimited, and therefore it is imperative that we are able to determine the sustainability and effectiveness of the causes we support."

National politics and tax policies also impact giving. In fact, 56% of respondents say taxes impact their philanthropic giving. In the United States, for example, philanthropic tax deductions are set to expire at the end of the year. The exemption will fall to \$1 million and the estate tax will rise to 55%, as opposed to the current \$5.12 million gift-tax exemption (\$10.24 million for a married couple) and 35% estate tax. With the presidential election looming, neither President Barack Obama nor Congress is expected to curtail these changes. Indeed, 59% of U.S. respondents believe that the outcome of the U.S. elections in November will very significantly impact the tax policy, affecting both the climate and the level of philanthropic activity.

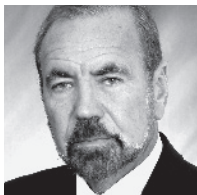
"While tax laws haven't impacted me, nor are they a reason I've given [to charity], they will have a major impact if giving is no longer a deduction," says billionaire Stephen Ross. His compatriot Jorge Perez worries what the effect of reduced public spending will be on cultural

programs. "Without private giving, the arts and theater would close down. What happens then? How can a new generation grow up without these?"

Thirty-six percent of respondents say that philanthropy must play a greater role, especially in the face of government austerity. Nearly a quarter of personal and foundation portfolios are dedicated to investments meant to generate a social impact (in addition to a financial return).

In Brazil, the situation is even more serious, as there is no tax incentive for individuals to donate. The government is currently crafting legislation to create a framework for philanthropy in Brazil. "It is all new and happening very fast," says Civita, who is helping to push for many of the changes.

Those individuals with greater investable assets will lead the way. Says Liesel Pritzker Simmons, "I don't care what the political situation is. I would still give. That has to do with the size of resources."



"Without private giving, the arts and theater would close down. What happens then? How can a new generation grow up without these?"

—JORGE PEREZ

Chairman, Chief executive Officer and Founder, the Related Group of Florida

Challenges to Giving:

Leading donors may periodically become overwhelmed by the demands of philanthropic pursuits

Another challenge for philanthropists is burnout. Nearly a third of respondents (32%) feel that it is difficult to stay engaged without feeling drained; philanthropists in Asia Pacific and Latin America say burnout is an even greater problem. And 43% of respondents state that the doubts and concerns of others affect them.

“I fund-raise too much,” says Perez. “People don’t return my calls. Fund-raising is very difficult. Sometimes it’s very frustrating when you talk to others about giving and you are talking to deaf ears.”

Credit Suisse’s Chu says fund-raising, to the surprise of many donors, poses one of the most significant challenges to a philanthropist. “It’s an ongoing process that requires a long-term strategy and a nuanced skill set that doesn’t completely transfer over from business.”

Philanthropists who are running businesses (some 39%) find that balancing philanthropic commitments with business endeavors is challenging. For example, billionaire Stephen Ross admits he spends more time on his real estate ventures, but if and when he scales back, he plans to focus more on philanthropy. Adds Malaysia’s Tan, “Due to my business commitments, I am faced with time constraints, and have not been able to personally spend as much time as I would like on my causes.”

There is also frustration with the pace of change in emerging markets. In Latin America and Asia Pacific regions, over 50% of respondents express difficulty in engaging actively in their causes without feeling wiped out. Brazilian philanthropist Civita worries that if policies are not quickly put in place in Brazil to promote



Randall Lane, Editor, *Forbes* magazine; Warren Buffett, Chairman and CEO, Berkshire Hathaway at the Forbes 400 Summit on Philanthropy

philanthropy, the moment may be lost: “If we don’t understand the timing, all these organizations will eventually fade out. What we need is networking.”



“Due to my business commitments, I am faced with time constraints, and have not been able to personally spend as much time as I would like on my causes.”

—VINCENT TAN
Founder and former chairman, Berjaya Group

Spreading the Word:

Social media supports philanthropic messaging

Over half of survey respondents indicate they are using social media to promote their causes. The United States lags behind the rest of the world, while Asia Pacific leads. Facebook (37%), Twitter (24%) and YouTube (23%) are the top three social media platforms utilized by survey respondents.

“Leveraging social media to raise awareness has proven itself,” says Pritzker Simmons. “If Justin Bieber tweets something, that is the cause of the day.” But she cautions that raising awareness does not bring results. “Social media has limits. It is helpful in getting the conversation going, but it doesn’t necessarily bring results.”

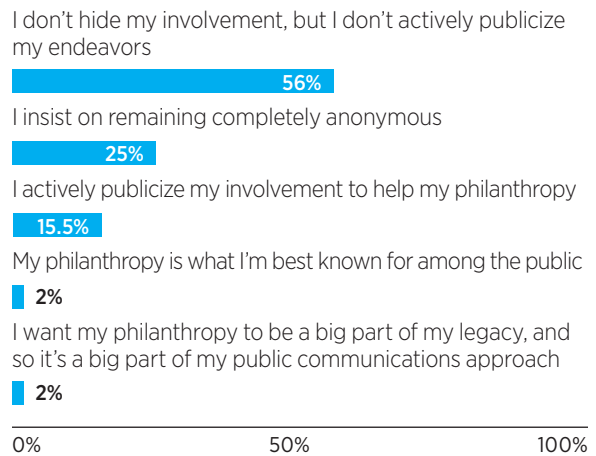
Adds Kellner, “Media and, above all, the Internet are changing philanthropy every day. New options such as dollar fundraising projects via Facebook are certainly positive,” says Kellner.

Credit Suisse’s Chu agrees. She cautions philanthropists not to be too broad in their media strategy and recommends that they create dynamic and reciprocal communications on outlets like Facebook. “Make this as much of a dialogue as possible. Turn ‘fans’ into advocates.” Another way to get more traction from social media is to tap into a partner’s social media universe.

More often than not, philanthropists around the globe keep a low profile. “Public recognition is not the root cause of our philanthropy. On the contrary, both of us believe that philanthropy is something very private—it is not marketing intended to raise our profile,” says the Czech Republic’s Kellnerová.

Only 15.5% of respondents state that they actively publicize philanthropic involvement; however, the majority (56%) do not try to hide their involvement. Nearly half of respondents use their name to increase awareness, raise money or do both. A third of respondents (34%) believe that anonymity would hurt their cause.

Figure 8: Which best describes your approach to anonymity regarding your philanthropy?



Explains Pritzker Simmons, “I am interested in recognition insofar as it can inspire other people of similar means to give. A lot of inheritors of wealth squander their responsibility. We are not all Paris Hilton. We are not all hanging out on yachts on the Riviera.”

One problem of publicity is that it brings an inherent security risk. Fifty-five percent of respondents are worried about threats to family, with respondents from Asia Pacific the most concerned.



“Media and, above all, the Internet are changing philanthropy every day. New options such as dollar fundraising projects via Facebook are certainly positive.”

—PETR KELLNER
Founder and Majority Shareholder, PPF Group

Creating a Legacy with Future Generations

Just as their parents and grandparents inspired them, 58% of today's philanthropists believe they are setting an important example for future generations. "I want to create a legacy. I want my grandchildren to know they had a family member who gave back. Hopefully, by establishing a foundation I will create a legacy of giving," says Perez.

The next generation will have big shoes to fill, considering the amounts the current generation is giving away. Schmidheiny is one of the few billion-dollar philanthropists. In 2003, he donated all his shares in Grupo Nueva, worth \$1 billion, to his Viva Trust, which funds environmental causes and education. A significant cache of philanthropists plan to donate a significant chunk of their assets. Nearly three-quarters (74%) of survey respondents state that they plan to give up to 50% of their assets to charity. Following the examples of billionaires Bill Gates and Warren Buffett, 18% of respondents with investable assets over \$50 million intend to give all of their assets to charity.

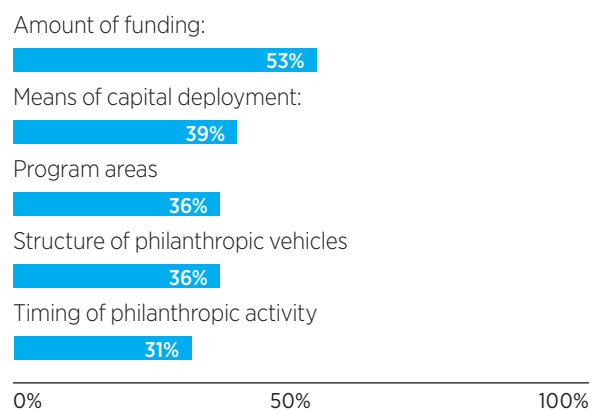
Philanthropists also feel a responsibility to assist their progeny in recognizing their social role. Forty-two percent are developing a succession plan, and half of survey respondents expect that their children and grandchildren will hold philanthropy as an important value. Over two-thirds of respondents say they want their descendants to continue their legacy through the philanthropic entities they establish. To this end, Perez recently took his family away for a week's retreat to discuss their philanthropic plan. "They should be involved in what we support. They need to start learning now what it means."

And just as they have often pursued causes different from the ones their parents did, boosted the amount of giving or deployed new vehicles to achieve philanthropic ends, current philanthropists fully understand that the next generation will put its own stamp on philanthropy.

"Philanthropy is becoming more 'entrepreneurial,' and I am proud of having been one of the pioneers establishing this trend. This implies becoming more creative, managing innovation more actively, seeking constant improvement in efficiency and effectiveness. Also, it strengthens the beneficiaries' positions, and they are treated with the respect

Figure 9: Next Generation

What do you think will be changed by the next generation?



that customers receive in business rather than as simple grant recipients," says Schmidheiny.

Part of this entrepreneurial spirit means the new generation is asking for quicker deployment of capital. Pritzker Simmons points out that if a foundation's spending policy is limited to 5% of asset annually and their goal is climate change it makes little sense to hoard capital. "Why do you want to be around in 150 years? This generation is starting to ask these sorts of questions."

Conclusions

The various approaches to the speed of deployment of philanthropic capital and family legacy raised by Pritzker Simmons highlight differences among generations. Historically, families at a high net worth level have created long-lived family foundations, à la Carnegie and Rockefeller. But the current generation of billionaires in the United States is focusing on a shorter time horizon and the sustainable impact of their giving. They want to eradicate the world's problems one by one, and do it fast.

As Credit Suisse's Bill Woodson observed, this short time frame is a historical shift, and families in other parts of the world may not share the same vision. In fact, while the motivation for philanthropy—personal values—may stay the same, ideas about how to accomplish philanthropic goals may vary, including the different approaches of family members. Some, like Warren Buffett, who famously said he wants all his money given away within ten years of his death, may not focus on building a family legacy tied to philanthropy. As the survey showed, however, the importance of a family legacy often grows as assets do.

The mission and its longevity is at the core of every family's philanthropy, but the choices hardly end there, as there are many important administrative and operational issues to consider. These include choosing among different philanthropic vehicles, and creating not-for-profit and profit hybrid structures that allow better tracking of funds and that highlight impact in a clearer and more tangible way. Social media will also increase in importance, helping those philanthropists who use it wisely to generate buzz about their causes and raise money. As philanthropists go global, they will require more information about the cultural issues they may encounter, as well as knowledge of what's already out there to avoid duplication. Last but not least, choosing the right partners for collaboration may serve to enhance the philanthropic mission exponentially.

Philanthropy is indeed a journey, not a destination, with many lessons learned along the way, as Credit Suisse's Julia Chu notes. Learning how to become an effective philanthropist is becoming increasingly important as philanthropists expand the scope of their operations and new parts of the world become active in giving.

Demographics

The survey tapped 264 high net worth individuals across the globe, in countries including the United States, China, Japan, India and the United Kingdom. Forty-six percent of the respondents had net investable assets of \$4.9 million or less; 34% of the respondents had net investable assets of \$5 million to \$19.9 million; and the remaining respondents reported net investable assets of \$20 million or more.

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